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By: **Chairman, Economic Matters Committee (By Request - Departmental - Insurance Administration, Maryland)**

Introduced and read first time: February 2, 2004

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Premium Finance Companies - Penalties**

3 FOR the purpose of increasing the minimum and maximum monetary penalties that  
4 the Insurance Commissioner may impose on a premium finance company for  
5 certain violations by the premium finance company; and generally relating to  
6 premium finance companies.

7 BY repealing and reenacting, with amendments,  
8 Article - Insurance  
9 Section 23-208  
10 Annotated Code of Maryland  
11 (2002 Replacement Volume and 2003 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Insurance**

15 23-208.

16 (a) Subject to the hearing provisions of Title 2 of this article, the  
17 Commissioner may deny a registration to an applicant or suspend, revoke, or refuse  
18 to renew the registration of a registrant if the Commissioner finds that the applicant  
19 or registrant has:

20 (1) failed to comply with a lawful requirement of the Commissioner  
21 under this title;

22 (2) violated a provision of this title;

23 (3) made a material misstatement in the application for registration;

24 (4) engaged in fraudulent or dishonest practices; or

1           (5)       demonstrated incompetency or untrustworthiness to engage in the  
2 business of a premium finance company.

3       (b)       (1)       Instead of or in addition to suspending, revoking, or refusing to renew  
4 a registration, the Commissioner may:

5                   (i)       impose on the [registrant, for a first or second offense,]  
6 REGISTRANT a penalty of not less than [\$25] \$100 but not exceeding [\$500] \$125,000;  
7 or

8                   (ii)       require that restitution be made by a registrant that violates  
9 this title to a person that has suffered financial injury as a result of a violation of this  
10 title.

11           (2)       For purposes of this subsection, restitution means the sum of money  
12 that, if paid to a person that suffers financial injury as a result of violation of this  
13 title, will restore the person to the same financial position the person would have  
14 been in had the violation not occurred.

15       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
16 effect October 1, 2004.